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27Ag CROP REPORT
SEPTEMBER 1966

Agricultural Situation

Statistical Reporting Service
U.S. Department of Agriculture

Vol. 50, No. 9

FARM PRODUCTION LAST YEAR SOARED ABOVE OLD RECORDS



There's something about a record in any field—sports, space flights, or agriculture—that seems to encourage topping it.

But farmers have become so collectively adept at setting new ones that it often seems more noticeable when they don't.

The August crop report, for example, estimated a record output for only two major crops this fall. And there followed some head shaking and brow furrowing.

Yet the all-crops production index on August 1 showed higher figures only for two other years, 1963 and last year. Besides, nearly any short-term output comparison with last year may look pale for a while . . . 1965 was truly a bin buster.

Most figures are now in for that memorable farming year, and here are some of the highlights.

Farmers broke the total production barrier, topping by 3 percent the previous high set in 1963 and tied in 1964. The new mark resulted from record crop output and near-record livestock production, which had peaked the year before.

Crop output was 7 percent above 1964 and 17 percent above 1957-59. Feed grain production went about 3 percent over the previous high in 1963, with peak corn and sorghum grain crops.

Food grain production was second only to 1958.

The greatest gain was in oil crops. They went 21 percent above 1964 and 55 percent over 1957-59.

Production of sugar crops, tobacco, and cotton trailed the year before.

Crop production per acre was 7 percent greater than in 1964, and 24 percent above 1957-59. Many major crops set yield records: the four feed grains, rice, peanuts, cotton, and hay. Record output per acre was reported for the Corn Belt, Northern Plains, Southeast, Southern Plains, and Mountain regions. Output per acre was less than 1964 in the Appalachian, Delta, and Pacific regions.

Although production of livestock and products last year was 2 percent below 1964, it was still 11 percent above the 1957-59 average. Most of the reduction from 1964 was due to a 5-percent cut in meat animal output, with production of all classes down. Hog output was the lowest since 1954; cattle and calves were down 2 percent from 1964; and sheep and lamb production was the smallest since 1949. Dairy product output slipped 1 percent.

Poultry accounted for the only new mark last year for livestock. Output rose 3 percent over the previous year. Broiler production gained for the 18th year in a row.

Animal units of breeding livestock on farms January 1, 1965, equaled 1964. However, production per breeding unit was down about 2 percent from the previous year, the first decline since 1954. Most of it can be pinned to changes in the livestock population. However, liveweight production of cattle and calves per cow did drop 3 percent. On the other hand, milk production per cow rose 2 percent, eggs per layer about 1 percent, and pigs saved per litter, 1 percent.

Crops last year were harvested from 302 million acres, 1 million more than

in 1964, but down an Iowa-sized 40 million from a decade earlier.

Cropland used for crops last year totaled 335 million acres. This was up only slightly from 1964 and still near the record-low 330 million acres used in 1962 and in 1910.

Labor used on farms in 1965 reached a new low of about 8 billion man-hours, 5 percent less than in 1964. Labor used for livestock decreased more than for crops, but requirements for cotton and tobacco fell sharply. Additional mechanization largely accounted for the cotton labor decline; 85 percent was machine harvested in 1965 compared with 78 percent a year earlier. The tobacco reduction resulted from fewer acres and lower yields.

Farm output per man-hour rose almost 8 percent last year. It was 153 percent of the 1957-59 average. The gain for crops was 2.7 times that for livestock last year.

Production per man-hour for feed grains and cotton gained 21 and 16 percent over 1964. These large increases supplied most of the boost to the 13 percent gain for all crops.

About 5.6 million people worked on farms in 1965 and each, on the average, produced enough food, fiber, and other farm products to supply himself and 36 others. This is four more persons than were supplied farm products in 1964, and the greatest year-to-year gain ever recorded. Six consumers were in other countries, the rest in the U.S.

The total volume of production inputs used by farmers was unchanged from 1964. It was only 3 percent greater than in 1957-59. However, the long-term shifts continued in the kinds of inputs used. Farm labor declined 5 percent while purchases of fertilizer and liming materials rose 5 percent and those of seed, feed, and livestock gained 1 percent.

*Farm Production Economics Division
Economic Research Service*

**The Agricultural Situation
is sent free to crop,
livestock, and price report-
ers in connection with their
reporting work.**

The Agricultural Situation is a monthly publication of the Statistical Reporting Service, United States Department of Agriculture, Washington, D.C. 20250. The printing of this publication has been approved by the Bureau of the Budget (March 12, 1964). Single copy 5 cents, subscription price 50 cents a year, foreign \$1, payable in check or money order to the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Fertilizer Use Keeps on Growing

Chemical fertilizer may not have been very popular when it was first introduced, but it's made up for lost time in recent years. The year ended June 30, 1965 showed another gain in total use—2.1 percent.

Fertilizer consumption in the U.S. and Puerto Rico amounted to more than 31.3 million tons during 1964-65. Fertilizer mixtures totaled 18.4 million tons, up 1.6 percent from 1963-64. Materials marketed for direct application rose 2.8 percent from the previous 12 months for a total of 12.9 million tons.

Most States used more fertilizer than they did in 1963-64. Declines were re-

ported in only 15 States, 12 east of the Mississippi River. Many of them had experienced dry weather during the two previous crop seasons.

The most popular grade of fertilizer is still 5-10-10, with 5-20-20 next. Tonnage of these two grades accounts for nearly 13 percent of all mixtures.

Anhydrous ammonia, ammonium sulfate, nitrogen solutions, and urea were the chemical nitrogen materials that gained during 1964-65. Tonnage of phosphate materials sold for direct application was generally lower. Potash materials generally recorded increases.

Statistical Reporting Service

NO MATTER WHAT MONTH YOU CHOOSE SOMEWHERE THERE'S A POTATO HARVEST

Potatoes used to be a familiar sight on nearly every farm. Now, most farm families buy what a few specialized growers have produced. And rather than being only a late summer and fall crop, the season has been stretched out, so potatoes come to market fresh all of the year.

The winter crop (usually harvested January through March) comes from Florida and California. It amounted to over 3.7 million hundredweight in 1965. Production in 1964 was 3.7 million hundredweight. Yields fell from 202 hundredweight per acre to 189 hundredweight last year, more than offsetting a larger harvested acreage.

The early spring crop (April through the first half of May) is grown in Florida and Texas. Output was nearly 4.9 million hundredweight in 1965, up from 4.2 million the previous season. Yields were lower (139 hundredweight per acre compared with 154 hundredweight in 1964) but acreage was considerably larger.

The late spring crop generally is dug the last half of May through June. Eleven States produce these potatoes. But California, Alabama, and Arizona supply the most. The crop amounted to 25.1 million hundredweight last year, above the 20.2 million in 1964. Yields

weren't much different, but 1965 harvested acreage was much expanded.

Early summer output (July through first half of August) comes largely from 4 States—Virginia, California, Texas, and Delaware—but 11 States share in commercial production. Last year's crop was 11.9 million hundredweight, up slightly from the 11.5 million in 1964. Acreages and yields varied only slightly.

Late summer potatoes (second half of August through September) are grown in 20 States. This crop rose from 27.6 million hundredweight in 1964 to 30.3 million last season. Harvested acreage was down but yields rose from 196 hundredweight to 221 hundredweight last year.

The fall crop (October through December) is still the most important. Last year, it amounted to 213.8 million hundredweight. During 1964, the fall crop was 172.2 million hundredweight. Both yield and acreage increased.

In contrast to potatoes, the sweet-potato crop is still largely harvested in the fall. Nineteen States produced a 1965 crop of 18.7 million hundredweight, well above the 15.3 million the previous season. Louisiana, North Carolina, and Virginia are the leading producers.

Statistical Reporting Service

DETAILS OF FARM INCOME FIGURES SHOW WHICH GROUPS GET TOP RETURNS

At some time or another, you've probably heard the old saw about the man with one foot on a block of ice and the other in a bonfire who was, on the average, comfortable. Most statistics aren't that general, but they do sometimes hide a lot of details. Farm income figures are a good example.

Cash receipts from farming (including Government payments) totaled \$41.6 billion last year. After Government payments and nonmoney income (value of farm food and housing) were added, realized gross farm income came to \$44.9 billion. Subtracting production expenses left farmers and their families with a realized net income of \$14.2 billion. Per farm this is \$4,210.

However, these statistics reveal only the big picture. Distributing income by value of sales classes focuses in on the details.

There were almost 3.4 million farms in operation during 1965. Those in the \$20,000 sales class numbered 499,000 (14.8 percent). Their cash receipts totaled nearly \$26.6 billion, or 63.8 percent of the total. However, they paid 66.9 percent of the production expenses, so they realized 47.6 percent of net income. Nevertheless, their realized net per farm averaged \$13,547.

There were 519,000 farms (15.4 percent) with sales of \$10,000 to \$19,999 last year. Their share of gross receipts was \$7.7 billion, or 18.5 percent of the total. Realized net income for this class amounted to \$3.1 billion, or 21.8 percent. The average per farm was \$5,952.

(The number of farms in the 2 highest sales groups gained 23 percent from 1959 to 1965, while those in the other 3 classes declined 28 percent. Farm numbers in total dropped about 18 percent.)

The next value of sales group is \$5,000 to \$9,999, with 498,000 farms in 1965. This group had cash receipts of \$3.9 billion, which was 9.5 percent of the national figure. Net income was about \$1.9 billion, or 13.1 percent. Per farm, they averaged \$3,471.

Cash receipts for the \$2,500-\$4,999 class were \$1.6 billion (3.9 percent).

Realized net incomes for these 410,000 operators totaled \$907 million, or 6.4 percent. The group averaged \$2,383 per farm.

The last group is farms with annual sales under \$2,500. There were over 1.4 million of them in 1965, 42.9 percent of the total. While some of these are part-time operations, others are subsistence farms. Their cash receipts were nearly \$1.8 billion, or 4.3 percent. Realized net income was close to \$1.6 billion, or 11.1 percent. This amounted only to \$1,095 per farm.

Many farm families in each value of sales class add to their farm returns with off-farm earnings. The figures show that those with sales under \$2,500 received 3 times as much off-farm income (\$3,402) in 1965 as net farm income (\$1,095). Even families in the \$20,000-and-up sales group (realized net \$13,547) averaged \$2,246 from off-farm income. Those in the \$10,000-\$19,999 class averaged \$1,590 per farm, less than the \$1,904 for the \$5,000-\$9,999 group and the \$2,220 for the \$2,500-\$4,999 class.

Mardy Myers
Economic Research Service

FARM POPULATION DOWN LESS THAN USUAL

The drop in farm population continues. The latest figures: 12,363,000 people lived on farms in the United States in the year centered on April 1965. The 1964 estimate for the same date was 12,954,000.

Although less than usual, this decline continues the trend extending back to World War II.

All major regions showed a farm population decline in 1964-65, but their relative position stayed the same as in 1960. The South, with 45 percent of the total farm population, still has the largest share. The North Central Region contains 38 percent of the people on farms with the Northeast and West having less than 10 percent each.

Calvin L. Beale
Economic Research Service

Pecans Upped Nut Output from Trees

Production of edible tree nuts was larger in 1965 than in 1964, but the value of output was lower. The crop of almonds, walnuts, filberts, and pecans totaled 286,430 tons, up from 260,930 tons a year earlier. Production values were off \$4.6 million to \$127.1 million.

Tung nut production last year plummeted to 33,300 tons from 123,300 tons in 1964. Respective production values were \$2 million and \$7.6 million.

There were 251.1 million pounds of pecans harvested in 1965, well above the 175.6 million in 1964. The price per pound averaged 17.9 cents in 1965

versus 22.5 cents in 1964. So, sale values rose to \$42.7 million from \$37.7 million.

The walnut crop was smaller last season than in 1964—80,300 tons harvested compared with 89,700. The average price per ton dropped from \$457 to \$420. Sales values were \$40.7 million in 1964 and \$33.5 million in 1965.

Almond production amounted to 72,900 tons, down from 75,400 a year earlier. The crop sold for \$44.8 million last year compared with \$47.3 million in 1964.

Statistical Reporting Service

Trees Produced Fewer Apples in 1965 But Price Rise Boosted Crop's Value

Apples, cranberries, avocados, dates, and olives. What do they have in common? They're all noncitrus fruits covered in a release the Crop Reporting Board puts out each July. Included in the 1966 report (part II of a fruit series) are statistics on production, use, and value for the past 2 years. Here are some of the details:

Apples. Total commercial production last year was 136.0 million bushels. The 1964 apple crop totaled 139.2 million bushels. At an average \$2.04 a bushel, last year's crop was worth \$270.2 million. In 1964, the crop was valued at \$250.3 million (\$1.82 a bushel).

Production in 1965 was 3.3 million bushels summer varieties, 14.0 million fall kinds, and 118.8 million winter types. Jonathan is the major fall variety with Delicious, McIntosh, Golden Delicious, and Rome Beauty the leading winter apples.

As usual, Washington was the leading apple producing State with a 1965 crop of 25.0 million bushels. New York was next with 23.0 million bushels, followed by Michigan with 16.0 million.

Roughly 76.8 million bushels of last year's apple crop were sold fresh. Canners used nearly 27.2 million bushels, and other processors used 26.8 million.

The *cranberry* crop comes from 5 States—Massachusetts, New Jersey, Wisconsin, Washington, and Oregon. Last year it totaled 1.4 million barrels, not much above the 1.3 million in 1964. The 1965 price averaged \$15.20 per barrel compared with \$14.40 the previous year. The crops were valued at \$21.6 million and \$19.1 million, respectively. Over 1 million barrels of the 1965 crop were processed.

Avocados are produced in Florida and California. The 1965 crop of 58,800 tons was up sharply from the 37,400 tons a year earlier. But the average price dropped from \$401 per ton in 1964 down to \$277, so the crop was valued at \$16.3 million compared with \$14.8 million in 1964.

California produces all the *dates* grown commercially. Production last year totaled 19,300 tons, well below the 24,300 in 1964. The 1965 price was much higher—\$162 compared with \$148. Production value was \$3.1 million in 1965 and \$3.6 million in 1964.

The *Golden State* also accounts for the entire *olive* crop in the U.S. Output was 48,000 tons last year, compared with 54,000 in 1964. At \$225 per ton, the 1965 crop was worth \$10.8 million. The previous year, prices averaged \$138 and value was \$7.4 million.

Statistical Reporting Service

The Centennial feature starting on this page is digested from another in the July Monthly Agricultural Report of the South Carolina Crop Reporting Service. The original was prepared by George H. Aull, who for 30 years headed the Department of Agricultural Economics and Rural Sociology at Clemson University.

Dr. Aull is now a consulting economist for South Carolina's largest banking system, having spent 44 years in public service to agriculture. For 13 years before serving as department head at Clemson, he was assistant director of research at the South Carolina Agricultural Experiment Station.

The author of many bulletins, journal articles, and book chapters, he holds degrees from Clemson University, the University of Virginia, and the University of Wisconsin. He was born near Pomaria, S.C., in 1899.



A HUNDRED YEARS OF CROP REPORTING, SPECIAL MILESTONE FOR CAROLINIANS

A chronology of American agriculture records the fact that in 1839 the Congress of the United States appropriated \$1,000 to the U.S. Patent Office for "work with agricultural statistics." No money spent by any Congress has been the means of bringing more service to as many people as did that first \$1,000. So urgent was the need and so clear the purpose that the Director of the Patent Office had for several years prior to 1839 used some of his own funds to initiate what later came to be known as the "Crop Reporting Service."

It seems incredible that an industry so important as agriculture—at that time it accounted for more than half the population and provided half the Nation's jobs—could have come so far without greater recognition and with so little support from the National Government. It is also clear that nothing which has been done since has had such a profound influence on agriculture, the Nation's most important business.

From these humble beginnings in 1839 (there was not even a Department of Agriculture until several decades

later), there has grown one of the most unique and least controversial of all government agencies—the Statistical Reporting Service of the U.S. Department of Agriculture. Year in and year out, for more than 125 years, this important arm of government has been almost the only general and unbiased source of agricultural data available to farmers and nonfarmers alike.

It provides such useful and valuable information as the probable acreages and yields of various crops, the number of pigs to be farrowed, the number of cattle to be slaughtered. The Service provides not only the *intentions* of farmers, but subsequently, their *performance record*. In brief, were it not for the USDA's Statistical Reporting Service, the public in general and farmers in particular would be wholly ignorant of the magnitude and scope of our agricultural industry and completely in the dark as to the size and nature of the jobs to be done for the effective marketing of our agricultural output. Besides this, at year's end there would be no way of knowing how well, or how poorly, we had fared.

The importance of a reliable, unbiased source of agricultural statistics is further underscored when it is realized that agricultural service industries use the information in locating processing plants, in making provisions for marketing, and in fixing their advertising budgets. A case-in-point can be cited in South Carolina, where a national sales organization substantially increased the proportion of its total funds to be spent in the State following publication of some previously unknown data showing the economic importance of the area.

The Statistical Reporting Service has a particular interest to South Carolinians not only because Thomas G. Clemson (founder of Clemson University) was the first Superintendent of Agricultural Affairs in the U.S. Patent Office, but also because Clemson University itself is an active partner with the South Carolina Crop Reporting Service in the collection and dissemination of agricultural statistics. This important job in South Carolina is being done jointly by these great institutions under an agreement formalized in 1949. The arrangement brings together an impressive array of economic and statistical talent and at the same time makes possible a considerably expanded body of statistical data and greatly enlarged facilities for agricultural research. It also has the effect of upgrading the quality of the data released, facilitating its distribution,

and increasing the efficiency of the entire operation.

An interesting aspect of the Crop Reporting Service's work is that it seldom receives full credit for its part in providing essential information about our agriculture. In a great many cases, it is overlooked entirely. The service claims no responsibility for the good or bad showing of a particular crop or livestock enterprise, or for a large or small acreage of any crop. Its duty is to collect and report the *facts*. Thus, when you read or hear about a specific figure, a definite agricultural statistic, concerning the expectation or the performance of agriculture, the figure very likely was provided by your State Cooperative Crop Reporting Service and if so, is worthy of confidence.

Over the years, the Service has done such a good job that it's not unusual for tradespeople to rely on State and national reports rather than make their own surveys. If there were no Crop Reporting Service and the trade did prepare their own reports, the producers (and the public) would be at their mercy.

Good, reliable, and wholly unbiased statistics are absolutely essential. Excellence in collecting and distributing agricultural data has been the byword of the Statistical Reporting Service and its predecessor agencies for over a century. Experience like that is priceless—but in a great country like ours, it's a public service for anyone who wants to use it.

Field Seed Stocks Below Last Year

Dealers' field seed stocks this year are down 3 percent from 1965.

Stocks of winter cover-crop seeds on June 30 were 21 percent below 1965 while those of grass seeds (excluding ryegrass) were 19 percent above a year earlier.

The field seed carryover this year was smaller for 20 crops, larger for 20 crops, and the same for 1 crop. The largest gains—100 percent or more—were reported for Korean and Striate-Kobe lespedeza, other vetch, and red fescue. Increases of 30 to 100 percent were reported for Alsike clover, other lespe-

deza, birdsfoot trefoil, timothy, reedtop, Chewings fescue, meadow fescue, pubescent wheatgrass, and Sudangrass.

The largest declines—30 percent or more—were for Southern alfalfa, crimson clover, common vetch, Austrian winter peas, smooth bromegrass, mixed ryegrass, and Dallisgrass.

Alfalfa seed stocks, both certified and noncertified, totaled nearly 27.7 million pounds, 22 percent below a year earlier. Clover seed stocks (excluding crimson clover) amounted to 30.6 million pounds, down 3 percent.

Statistical Reporting Service

AG OUTLOOK



Based on Information Available September 8, 1966

HIGHER MILK PRICES

The August price of all wholesale milk was 24 cents above July and 74 cents above a year earlier. Manufacturing grade milk averaged \$4.18 (3.65 percent milkfat). Adjusted to U.S. average annual fat test it was \$4.26, some 26 cents above the support level. Further seasonal increases are expected until the fourth quarter peak, usually reached in November.

BROILER BUILDUP

Federally inspected broiler slaughter through July ran 7½ percent above a year earlier. A substantial stepup in the rate of expansion appears likely late this winter in view of the large buildup currently underway in broiler hatchery supply flocks. The Nation's broiler breeder flock in recent months was about 10 percent larger than a year earlier; by early 1967 it is expected to be up by a bigger margin.

BROILER PRICES TO EASE

Farm broiler prices in January-July averaged 16.4 cents per pound, 1.1 cents above a year earlier. Higher prices in the face of much larger supplies reflected a vigorous expansion in demand, generated by rapidly rising consumer incomes. In addition, supplies of some other high-protein foods, particularly pork, were in short supply. Over the next few months, production of pork, turkey, and broilers is expected to be above a year earlier; this will bring downward pressure on broiler prices. Live prices this fall are expected to average below the 16.1 cents per pound in July and close to those of a year earlier.

EGG OUTPUT TO CLIMB

Egg production during January-July totaled 105.1 million cases, down 1.6 million from the same period in 1965. Output was lower in each of these months in 1966. The reduction resulted from a smaller and older national laying flock which produced slightly fewer eggs per layer. Egg production is now advancing seasonally and in coming months is likely to rise more rapidly than a year earlier. Farmers are raising 335 million flock replacement chickens this year, 35 million more than in 1965 and the largest number since 1961. The new layers will enter laying flocks in large numbers over the next several months. This is likely to cause egg production to rise, perhaps by 5 percent above a year earlier by winter.

EGG PRICES TO SLIP

About a 4-percent reduction in per capita egg supplies available for civilian consumption, coupled with an upsurge in demand, raised farm egg prices to 37.2 cents per dozen in January-July from 31 cents in that period last year. As egg production gathers momentum in coming months, egg prices likely will continue to decline from late August levels. By early 1967 egg prices are expected to be much below the relatively high prices of a year earlier.

MORE TURKEYS

The 1966 turkey crop is estimated at 115.8 million birds, 11 percent above last year's crop and the largest number of turkeys ever raised. Much of the increase in turkey output has already moved off farms and cold storage holdings are building up rapidly. Frozen turkey stocks on August 1 totaled 103 million pounds—14 million above August 1, 1965. Production over the next few months will continue to exceed output in September-December 1965, and will thereby provide much more plentiful supplies for the holidays this year than last.

IMPORTANT TO THE CATTLE OUTLOOK: Fewer Calves Likely This Year

This year's calf crop is expected to be down 2 percent from the 43.1 million born in 1965. This is the first reduction since 1958. It's also in line with the 2 percent reduction in cows and heifers 2 years old and older on January 1, 1966.

The number of calves born this year works out to 86 percent of the cows and heifers 2 years old and older at the beginning of the year. This is the same as last year. (This percentage isn't strictly a calving rate because the January 1 cow and heifer inventory doesn't include all heifers that calve during the

year and does include some cows that die or are slaughtered before calving.)

All North Central States show smaller calf crops this year than in 1965, ranging from a slight reduction in South Dakota to a 7 percent decline in Minnesota, Michigan, and Ohio.

Most Southern States have smaller crops, with the South Atlantic area down 2 percent and the South Central off 1 percent.

All but three Western States expect smaller crops. However, the total is down less than half a percent.

SHAPE UP OR SHIP OUT IS A TRUISM

As Farm Earnings Rise, Ranks Thin

There are fewer farmers nowadays, but their earnings from farming are increasing.

Those are the implications of a recent analysis of farmers' Social Security tax returns for 1959-63.

During the period, the number of persons reporting self-employment earnings from farming dropped about 14 percent. But at the same time, there were increasing numbers reporting earnings of \$4,000 or more annually.

The number reporting earnings between \$2,000 and \$3,999 held steady until 1961, then trended down. In the sub-\$2,000 class, fewer returns were filed each year.

These figures are for persons reporting farm earnings for Social Security on either tax schedule C or F, and include returns from all 50 States.

Returns filed on schedule F—the + 22 form farmers and farm landlords are ordinarily expected to use—also were examined for the 50 States. Farmers reporting self-employment income on schedule F usually depend more on commercial agriculture than others in the farm economy.

About 1.6 million schedule F tax returns were filed in 1964. More than half of these reported net self-employment earnings of less than \$2,000. About one-fourth reported \$2,000-\$3,999, and a little over one-fifth reported \$4,000 or more.

Numbers of schedule F returns declined 15 percent between 1960 and 1964, mostly in the \$4,000-or-less class. There was little change for those reporting \$3,000-\$3,999. Those reporting higher earnings gained in number.

For 1964, here's how the schedule F returns highlighted regional differences: The Corn Belt, Northern Plains, and Mountain regions accounted for about 45 percent of the returns. For each of these regions, about 27 percent reported earnings of \$4,000 or more; about 45 percent reported less than \$2,000.

The Pacific region had the highest percentage of \$4,000-plus returns (38 percent). On the other end of the scale, earnings were lowest in the Appalachian region, where 75 percent re-

ported less than \$2,000 and only 7 percent reported \$4,000 or more.

Between 1960 and 1964, the biggest decline in numbers of returns occurred in the Northeast, more than 20 percent, with sharp decreases in returns reporting less than \$3,000 and only slight gains in the \$4,000-and-up class.

In contrast, returns of \$4,000 or more in the Lake States and Corn Belt were up more than 70 percent in the same period. But here, too, there were big declines in numbers reporting less than \$3,000 in earnings.

E. I. Reinsel
Economic Research Service

LET OTHERS HARVEST THE CROP? MANY DO

Should I buy, share, or custom-hire a combine or corn-picker? This 3-way debate is probably quite familiar to you, because each alternative has its advantages.

A recent USDA study checked the extent of custom or exchange harvesting. Of the 153 million acres of grain and seed crops harvested by combine in 1964, 28 percent was done by custom or exchange machines. However, it varied according to the crop and geographical area. Take soybeans as an example. Of the 31 million acres harvested in 1964, 17 million were in the Corn Belt. Nearly a third of the Corn Belt acreage was custom or exchange harvested.

Custom or exchange work accounted for 29 percent of the wheat harvested in 1964. Among the more important wheat-producing States, the range was from 18 percent of the acreage in Washington and Minnesota to 42 percent in Texas.

The study also found that mechanical cornpicking is rapidly declining in favor of field shelling. Thirty-two percent of the acreage of corn for grain mechanically harvested in 1964 was field shelled compared with 15 percent in 1960.

Paul E. Strickler
Helen V. Smith
Wilbert H. Walther
Economic Research Service

Smaller Share of Milk Processed

Less milk last year went into the production of dairy products than in 1964. Here are the details.

Manufactured dairy products during 1965 took a net input of 61.7 billion pounds of whole milk equivalent. A year earlier, 64.5 billion pounds were used.

Use of whole milk for manufactured products slipped 4 percent from 1964. Manufactured products accounted for 49 percent of 1965 annual milk output compared with 51 percent a year earlier.

Record highs were set in 1965 for production of American whole milk cheese types (other than Cheddar), Munster, Italian, and Blue Mold, cottage cheese curd, creamed cottage cheese, unsweetened condensed skim

milk (bulk), dried whey, crude milk sugar, ice cream, ice milk, and Mello-rine.

The net whole milk equivalent used for butter production was 28.5 billion pounds in 1965, down 9 percent from the previous year and the least since 1955. Butter production accounted for 46 percent of the total net whole milk equivalent for all manufactured products.

Total cheese output, excluding creamed cottage cheese, required 15.7 billion pounds of whole milk, a record. Cheese making last year required 25 percent of the whole milk in manufactured products.

Statistical Reporting Service

CONSIDER ALL ANGLES IN PLANNING NEW INDUSTRIES FOR YOUR AREA

You're fresh from a trip to a friend's farm in another State. And you're brimming over with an idea you saw pan out in his community: A shiny new processing plant that serves his farming area, that breathes new economic life into his part of rural America.

Couldn't the same thing be done in your own vicinity?

By all means, turn your idea into action. Talk it over with neighbors. But don't be bound by what you saw work somewhere else; it might not be right for your area, even if there are many similarities.

A recent ERS study illustrates the kinds of things you might consider. It also demonstrates that you'll need some competent business help in planning a successful new enterprise for your community.

The study was done for two Resource Conservation and Development Project areas in the Northwest. Sponsors of these projects, in the Upper Willamette and the Idaho-Washington areas, are considering increased alfalfa production as one possibility for economic expansion.

So, the idea of putting in alfalfa dehydrating plants—the ones that produce alfalfa pellets and meal—was studied for each area.

The study concludes that such a fa-

cility might be a good bet in one area but not the other, although both aim to boost alfalfa output.

Consider the reasons for these conclusions; they show the kind of thought that should go into such determinations.

A plant might pay off in the Upper Willamette project area. Yields of alfalfa in the area are pretty high, the production season lasts long enough to keep a processing facility busy a good part of the year, and the fields suited to alfalfa output would all be close to the mill.

In the Idaho-Washington project area, researchers found too many drawbacks to say such a facility might be feasible. Yields in the area are low, there's only one cutting of the crop per year without irrigation, and most farmers don't grow pure stands of alfalfa but mixtures with low protein content. Also, harvesting and hauling costs would be high, and the local livestock industry would have to get much bigger to take all the mill's pellet and meal output.

For both project areas, competition from outside processors would need to be considered, too.

J'Wayne McArthur
Gary C. Taylor
Economic Research Service

PROFITS IN TWO TOBACCO AREAS MIXED

Last year's net farm incomes on tobacco and tobacco-cotton farms in North Carolina's Coastal Plain were considerably below the near-record high in 1964. Net income for the tobacco farms was \$5,296, or 82 percent of the 1964 figure. The average for typical tobacco-cotton farms was \$4,960, or 78 percent of net income a year earlier.

Incomes dropped chiefly because tobacco output was down substantially. Harvested acreage and average yields were below both the 1964 levels and the 1965 acreage and poundage quotas. These producers marketed only about 86 percent of their poundage quota last year, according to preliminary data. However, the acreage-poundage pro-

gram provides that the deficit marketings can be added to the 1966 quota.

Net farm incomes on typical tobacco-livestock operations in the Kentucky Bluegrass area were higher in 1965 than a year earlier and second only to the record highs in 1963. Estimates were \$7,977 for Inner Bluegrass area farmers (up 18 percent from 1964), \$3,058 for those in the Intermediate Bluegrass region (up 14 percent), and \$6,139 in the Outer Bluegrass area (up 15 percent). Incomes rose largely because of higher prices received for tobacco, milk, cattle and calves, and hogs.

Owen K. Shugars
Economic Research Service

CIGAR MAKERS SWITCH METHODS

To Hold Production Costs Down

Few items sell for a nickel anymore. Soda pop left the ranks long ago, and candy bars seem to be fast departing. But a few still hold the line.

Take cigars for example. There are seven price classes for large cigars, but one leads the others in sales—the over 4-through-6-cent class, mostly a nickel.

The second largest volume is sold in excise-tax class E, those over 8 through 15 cents.

In 1964, three-fourths of cigar sales fell in two classes. Ninety-five percent sold for 15 cents or less, and nearly 62 percent sold for 8 cents or less.

Two developments in cigar manufacturing the past decade have helped producers compete in costs.

One is the increasing use of short filler, or short pieces of tobacco, in the cigar's inner core. This has cut labor costs; the machines that produce short-filler cigars require only 2 operators versus 4 for the ones making long fillers.

The other development, further reducing labor requirements, is the use of tobacco sheet—pieces of tobacco ground into powder and made into a paperlike material which is stored in rolls.

Tobacco sheet is used for binding and wrapping the filler into the finished product. It permits binding to be done automatically.

Today, most cigars are made with short filler and tobacco sheet binder. A decade ago, over half were composed of long filler, and the use of tobacco sheet in cigar manufacture was mostly on a trial basis.

Besides trimming labor costs, the use of short filler and sheet binder permits greater flexibility in tobacco blending. Smaller particles allow blending to more exact specifications, and the easier altering of blends.

Also, less expensive tobacco can be used, especially in the sheet binder. Leaf for natural binder was among the higher-priced tobacco.

With sheet binder, the cigar maker can use all the tobacco leaf, including stems and small particles. Thus, less leaf is needed per 1,000 cigars produced.

A decade ago, a thousand cigars required about 5½ pounds, farm sales weight, of the grower's tobacco for binder. Now, only about 2 pounds are needed.

Clarence I. Henderson
Economic Research Service

WEATHER: STILL TO BE RECKONED WITH

It wasn't just incidental this year that the national wheat crop estimates seemed to be juggled every time a storm or dry spell touched the Great Plains.

That's where most of the wheat crop comes from; it's also where rainfall, to put it mildly, is variable and unpredictable.

So, crop yields are liable to bounce around accordingly. But in such a big area, parts of it may have fairly narrow and infrequent yield fluctuations.

In fact, as shown in a recent study, year-to-year yield variability for the whole area generally has narrowed in recent years. Yields have improved, thanks to great technological strides. And weather has been favorable since 1948 in the Southern Plains, except during 1952-56.

Nationally, wheat yields have been going up since the 1880's. Trends for most counties in the Great Plains have also pointed upward.

Much of this progress can be attributed to improved technology—better power and equipment, varieties, fertilizers, irrigation, and the like. These

developments have enabled wheat farmers to better cope with the effects of bad weather.

Back in 1933 through 1937, for example, rainfall through much of Colorado, Oklahoma, and Texas was 20 to 45 percent below normal. Again there was a stretch during 1952-56 when the situation was similar. However, in the latter period, yields in most counties of these States were higher.

From this example, can it be inferred that Great Plains farmers have the weather whipped? Unfortunately, no. You need only look at a different set of comparisons to see the power weather still holds over yields.

In important wheat counties of eastern Nebraska and Kansas and much of Oklahoma and Texas, wheat yields during 1940-62 actually varied more widely than they did for the period 1926-48. This was mainly because weather was more variable in the later segment. The weather, particularly rainfall, still greatly affects yield variations.

Donald K. Larson
Economic Research Service

NET INCOMES ON WHEAT FARMS:

Slight to Sizable Improvement

Net farm returns in three western wheat-producing areas ranged from 1 to 69 percent higher last year, according to samplings of typical operations, than in generally droughty 1964. Incomes varied from \$9,770 on wheat-fallow spreads in the Northern Plains to \$18,268 on wheat-pea farms in the Pacific Northwest.

The smallest gain, only 1 percent, was on typical wheat-fallow farms in the Pacific Northwest. Net farm incomes averaged \$13,982 in 1965. Net incomes for wheat-pea farms in the same area were up 25 percent from the \$14,635 of a year earlier.

Returns on wheat-fallow farms in the Northern Plains rose 20 percent to \$9,770 in 1965. Wheat-small grain-

livestock producers averaged \$9,852, a gain of 19 percent. Wheat-corn-livestock operations recorded an average net farm income of \$10,571, a whopping 69-percent increase.

Wheat producers in the Southern Plains netted an average of \$9,938 last year, up 19 percent. Wheat-grain sorghum operations returned a net of \$12,138, or 53 percent above the previous year.

Prices received for wheat in 1965 tended to be a little lower than in 1964, although Government payments more than offset them. Yields were higher in most areas.

Edgar B. Hurd
Economic Research Service

MEET THE STATE STATISTICIAN . . .



JASPER PALLESEN

Jap's first assignment as an agricultural statistician was in Brookings, S. Dak., in 1935. The following year he went to Washington, D.C., and 2 years later, to Manhattan, Kans. From 1940 to 1943, Jap was in the Denver, Colo., office. His next assignment was 5 years as secretary of the Crop Reporting Board in Washington, D.C. Then he was back in Kansas from 1948 to 1956. He was appointed statistician in charge of the Ohio office and served there 2 years before returning once again to Kansas in the same capacity.

Jap was born and reared in Neligh, Nebr., the third in a family of 9 children. His parents and grandparents came from Denmark; they first settled in Iowa, then moved west by covered wagon in 1890.

Jap received a B.S. in Agriculture from the University of Wyoming in 1932. He later did some graduate work at the USDA Graduate School and Kansas State University.

Jap met his wife, Marie Forceman, while on his first assignment to Kansas. A farm girl, she was studying home economics at Kansas State. The Pallesens have 3 children, 2 sons and a daughter. The oldest son, Pete, graduated from Kansas State in 1964 and is now teaching high school English. He is married and has a daughter. Second son, Mike, is a senior at Stanford, majoring in math and physics. Daughter Annette is a junior at Kansas State, majoring in sociology.

Jap's youngest brother, Ray, also is a USDA statistician, stationed in Washington, D.C.

In what little time a busy statistician has left, Jap likes to garden, keep up with spectator sports, and work with youth groups. He also finds time for church activities, the Christian Rural Overseas Program (CROP), Kiwanis International, and the American Statistical Association.

When you live in one place very long, it becomes a vital part of you. That's probably why Jasper E. (Jap) Pallesen, Statistician in Charge in Kansas, says his 2-year-old granddaughter has hair the color of a ripe wheat field.

It's not surprising that Jap thinks in terms of wheat. Kansas is by far the Nation's leading wheat State. In 1965, Kansans produced 24 percent of the winter wheat grown in the U.S. and 18 percent of all wheat.

However, in terms of Kansas farm income, beef is king. Beef cattle provide 37 percent of gross farm returns and wheat 34 percent. Other major sources are sorghums, corn, soybeans, hay, and hogs.

With a vigorous farm economy, Kansas also has important agribusinesses such as flour milling and meat packing. Total agriculture—farming and agriculturally dependent industries—accounts for about \$4.5 billion of the State's annual gross product and 4 out of 10 of the jobs.

Like most State statisticians, Jap Pallesen has come up through the ranks—the best kind of job training there is.

BULLETINS FOR YOU . . .

The latest USDA farmers' bulletin is called "Facts for Prospective Farmers."

It discusses what farming is like today, major types of farms, obtaining a farm, financing it, and getting started. It also includes other sources of information about farming, and a reference list. The bulletin is intended primarily for persons with little or no farming knowledge or experience. But it can also be helpful to farmers intending to relocate in unfamiliar areas.

Single copies of the publication, Farmers' Bulletin No. 2221, cost 15 cents and are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Please include your ZIP code.

Some of the publications used for articles in the *Agricultural Situation* are published by USDA; others by State agricultural experiment stations. If you are interested in reading the entire publication from which an article is drawn, write to us (Editor, Agricultural Situation, Division of Information, Office of Management Services, USDA, Washington, D.C. 20250). We will send you a copy, or we'll arrange for your State agricultural experiment station to send you one.

Do-it-yourself work is very familiar to most farmers. It not only saves money, it often fills otherwise slack time between crop seasons.

A new USDA bulletin, "Plumbing for the Home and Farmstead," should be very useful for do-it-yourselfers. It deals largely with the installation of plumbing in new construction. But the principles also apply when adding or remodeling plumbing in existing buildings. Topics include planning, roughing-in, water-supply piping, drainage piping, pipe fittings and cleanouts, fixtures, water heaters, service building plumbing, and protecting water pipes from freezing and condensation.

To get a copy of this bulletin, FB-2213, send 10 cents to the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Please use your ZIP code.

September 1966

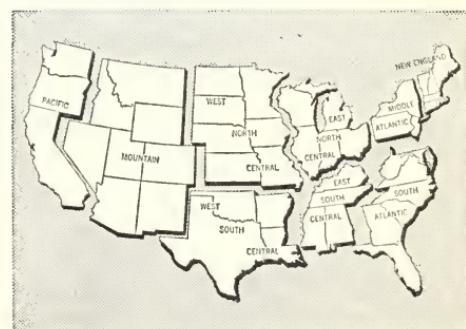
In This Issue

	Page
Farm Production-----	1
Potato Output-----	3
Farm Income Details-----	4
Centennial -----	6
Outlook -----	8
Social Security Earnings-----	10
Alfalfa Plants-----	11
Cigar Market-----	12
Wheat Yield Changes-----	13
State Statistician-----	14

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Editor: Marilyn H. Grantham



UNITED STATES
DEPARTMENT OF AGRICULTURE

STATISTICAL REPORTING SERVICE

WASHINGTON, D.C. 20250

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U.S. DEPARTMENT OF AGRICULTURE